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Macroeconomic policy questions: international trade and development; international financial system and development; external debt and development: towards a durable solution to the debt problems of developing countries; commodities

Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the preparation of the 2008 Review Conference

Sustainable development: implementation of Agenda 21, the Programme for the Further Implementation of Agenda 21 and the outcomes of the World Summit on Sustainable Development; protection of global climate for present and future generations of mankind; implementation of the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa; Convention on Biological Diversity

Globalization and interdependence: role of the United Nations in promoting development in the context of globalization and interdependence

Eradication of poverty and other development issues: implementation of the second United Nations Decade for the Eradication of Poverty (2008-2017); industrial development cooperation

Letter dated 6 October 2008 from the Permanent Representative of Namibia to the United Nations addressed to the Secretary-General

I have the honour to transmit herewith a declaration that was adopted at the Third International Conference on Development Cooperation with Middle-Income Countries that was held in Windhoek from 4 to 6 August 2008 (see annex I). A summary report of the proceedings is also provided (see annex II).

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I kindly request that the present letter and its annexes be circulated as a document of the General Assembly under agenda items 47 (a) to (d), 48, 49 (a), (d), (e) and (f), 51 (a) and 53 (a) and (b).

(*Signed*) Kaire M. **Mbuende**
Ambassador
Permanent Representative

Annex I to the letter dated 6 October 2008 from the Permanent Representative of Namibia to the United Nations addressed to the Secretary-General

Windhoek Ministerial Declaration on Development Cooperation with Middle-Income Countries

We, the Ministers and Heads of Delegation participating in the 3rd Ministerial Conference on Development Cooperation with Middle-income Countries (MICs) held in Windhoek, Namibia, from 4 to 6 August 2008, recognize:

1. The need to reflect the development needs of MICs, including those contained in this declaration, in the outcomes of the international economic development processes, including, among others, in the outcome of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus to be held in Doha, Qatar from 29 November to 2 December 2008.

2. The importance of dialogue on strengthening international economic cooperation for development through the consolidation of a global partnership for development, in order to further strengthen the efforts of the international community in addressing development issues of international concern, especially those of MICs.

3. That MICs should have a greater voice and a more effective participation in international economic decision-making processes, particularly in the Bretton Woods Institutions (BWIs) and the World Trade Organization (WTO), and other key standard and norm setting international institutions.

4. The importance of making progress in multilateral trade negotiations, especially in the framework of the WTO Doha Development Round, aiming, inter alia, at enhanced market access for MICs and improving conditions for MICs accession to WTO which should take into account their development, trade and financial needs.

5. The successes and efforts made by MICs to achieve sustainable development, economical and social progress, eradicate poverty, as well as in implementing the internationally agreed development goals, including MDGs.

6. The existence of challenges and obstacles that are preventing MICs from achieving the internationally agreed development goals, including MDGs, *and* the need to strengthen international support of the development efforts of MICs, taking into account their economic and social characteristics and circumstances, as well as, their specific needs and priorities.

7. That MICs' categorization, particularly averages based on criteria such as per capita income, does not always accurately reflect the actual particularities and needs of those countries.

8. The need to elaborate a more ambitious international development framework, building on the Internationally Agreed Development Goals (IADGs), including the MDGs, that targets sustained economic growth and sustainable development, in accordance with national development priorities and fully respecting MICs national policy space.

9. The importance of strengthening international development assistance to MICs, including

through enhanced allocation of international cooperation resources by the United Nations agencies and other international organizations.

10. The important nexus between international migration and development and the need to address the challenges and opportunities that migration presents to countries of origin, transit and destination, as well as the need of addressing the multidimensional aspects of international migration through a comprehensive and coherent approach.

11. The need to further develop cooperation among MICs, including through South-South and triangular cooperation, as well as regional and sub-regional cooperation, and that South-South cooperation is not a substitute but a valuable complement to North-South cooperation.

12. That enhancing international cooperation for MICs will contribute to the global and regional economic stability, and thus creating conditions to better address the needs of other developing countries and regions, including the LDCs, LLDCs, SIDs and Africa.

On the basis of the above considerations we:

1. *Reaffirm* the outcomes of the conferences on development cooperation with MICs held in Madrid[1] and in El Salvador[2], as well as the regional conference held in Cairo[3], *and recall* the relevant provisions supporting the development efforts of middle-income countries and their development needs reflected in the outcomes of the United Nations major international conferences and summits, including the Millennium Declaration and 2005 World Summit Outcome Document, as well as the relevant provisions of the General Assembly resolutions.

2. *Reiterate* the willingness to work together and promote the common interests of MICs in the international development agenda of the United Nations, BWIs, WTO and other international organizations, including on the issues of: access to markets and financial resources, increasing competitiveness and skills development, knowledge and technology transfer, human and institutional capacity building, financial and physical infrastructure, as well as the development of information and communication technologies (ICT) and industrial capacity, private and public sector development, improved statistics and the development of tourism.

3. *Reiterate also* the willingness to work together and promote poverty eradication, sustainable agricultural development, environmental protection, social integration, energy and food security, education and health care, promotion and protection of all human rights and fundamental freedoms, respect for the rule of law, good governance at the national and international levels, gender equality and the empowerment of women, children's well-being, elimination of all forms of discrimination, promote full and productive employment and decent work, elimination of trafficking in persons and other contemporary forms of slavery, combating crime and violence.

4. *Invite* the United Nations system for development to enhance support to the MICs and in this context, strengthen its coordination and exchange of experiences with other international organizations, international financial institutions and regional organizations in this field.

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[1] A/62/71-E/2007/46.

[2] A/62/483-E/2007/90.

[3] Held on 11-12 March 2008 to discuss how the World Bank and African Development Bank can better align their services to the needs of the Middle Income Countries in Africa.

5. *Recognize* that the actual needs of MICs should be paramount in defining individual aid allocations and that there are many elements to be considered in addition to per capita income in this aid allocation process and urge the United Nations funds, programs and agencies and other international organizations, that have not done so, to review their systems of allocation of resources in order to take into account MICs particularities and needs.

6. *Stress* the importance of facilitating the accession of all developing countries to WTO without political impediments in expeditious and transparent manner and with full observance of the principles of special and differentiated treatment for developing countries.

7. *Express deep concern on* the recent failure to reach agreement in the WTO Doha Development Trade negotiations, particularly at a time when the global economy is in need of political commitment to overcome the current crisis, and call WTO members to show the necessary political will and flexibility to re-engage to bring the negotiations to a successful development outcome.

8. *Decide* to prepare and present for consideration of the 63rd Session of the General Assembly a draft resolution mandating a comprehensive review of existing practices of the international cooperation system, particularly the International Financial Institutions, associated with the United Nations system, its cooperation and development agencies and other international organizations, including the OECD, regarding the development of the MICs with a view to achieve more effective cooperation and foster the international support for the development efforts of these countries and their initiatives.

9. *Call on* the international community to support MICs in strengthening their domestic financial systems in order to overcome their vulnerability to external economic instability and financial shocks and in this regard establish a harmonious and sustainable world economic system.

10. *Commit* to improve the competitive capacity of MICs, inter alia, by promoting their economic growth, transformation, diversification, technological development and increasing the share of high technology goods and services in their economy.

11. *Decide to develop* more active and well-sequenced policies to maximize the development benefits of investment flows and to identify and overcome obstacles to mobilizing resources and *acknowledge* that international capital flows, particularly foreign direct investment are vital complements to national development efforts in MICs, and in this regard, *call on* the United Nations and other international organizations to support the capacity building of MICs in creating a conducive domestic investment climate to attract and enhance productive capital flows in accordance with their laws and regulations.

12. *Commit* to address the multiple factors and challenges contributing to the global food crisis and to take appropriate necessary actions to ensure food security at the national and global level, and in this regard, *call on* the international community to support MICs in their efforts to strengthen their agriculture and rural development by substantially increased public and private investment, and greater value added and diversification.

13. *Call upon* the relevant United Nations bodies, other international organizations and donors to strengthen their support to MICs in building a strong, productive and efficient energy sector by, inter alia, providing technical and financial assistance, facilitating public and private investments in energy

sectors and transfer of technologies for sustainable production and use of traditional energy resources, as well as increasing energy efficiency and conservation and the promotion of new and renewable sources of energy.

14. *Reaffirm* our solidarity and cooperation with other categories of developing countries and commit ourselves, where possible, to support their development efforts.

15. *Affirm* our commitment to enhance economic cooperation among MICs and underscore its importance to the efforts to eradicate poverty and hunger and achieve human development and sustainable development in Middle Income Countries, including through exchange and transfer of knowledge, know-how and technology among MICs, investing in improving infrastructural facilities and networking, promoting trade in goods and services among MICs at bilateral, regional and interregional levels in sectors with high growth potential, including through innovative mechanisms and promotion of negotiation on a voluntary basis of free trade agreements among MICs.

16. *Welcome* the decisions adopted during the 13th Conference of the Parties to the UNFCCC held in Bali and call for urgent global action to address climate change in accordance with the principle of common but differentiated responsibilities. *We urge* the international community to assist MICs to address climate change, particularly through new, additional and predictable financial resources, capacity building, and access to and transfer of technology.

17. *Invite* the United Nations system, the Global Migration Group and the international community to assist MICs, particularly in the area of capacity building in managing the migration flows to take full advantage of the benefit of international migration, and in this regard, encourages MICs to participate in the Second Global Forum on Migration and Development to be hosted by the Republic of the Philippines on 27-30 October 2008.

18. *Stress* the need to strengthen and further invigorate South-South cooperation, and in that regard *welcome* the convening of a High-level United Nations Conference on South-South Cooperation on the occasion of the thirtieth anniversary of the adoption of the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries[4], to be held in 2009.

19. *Invite* the international and regional financial institutions, including the World Bank and regional development banks to further develop innovative financial instruments and knowledge transfer to better serve the special development needs and aspirations of MICs, including in assisting them in the establishment of technological innovation centers and centers of excellence.

20. *Recognize* that current debt initiatives do not adequately address the needs of MICs and *emphasize* the importance of continued work towards durable solutions to the external debt problem of MICs by enhancing sustainability, debt relief, including debt swap mechanisms, and sustainable debt management of MICs *and urge* the United Nations and other international organizations to continue to provide technical assistance and support for MICs in working towards building national capacities for debt management.

[4] Report of the United Nations Conference on Technical Cooperation among Developing Countries, Buenos Aires, 30 August-12 September 1978 (United Nations publications, Sales No. E.78.II.A.11 and corrigendum), chap. I.

21. *Decide to continue* to hold follow-up conferences and other meetings on development cooperation with MICs on a yearly basis and *call on* the United Nations system and other international organizations to support these endeavors. Furthermore, under the auspices of the previous host countries of the MICs Conferences, we *agree* to carry forward the work related to MICs issue to discuss the accomplishments and consult on the next series of actions, including the possibility of convening the next Conference in the United Nations headquarters in New York.

22. *Considering* the importance of timely addressing the challenges faced by MICs, particularly those arising from the Energy, Food and Climate Change crises and in the interest of increasing aid effectiveness and concretizing development cooperation with MICs, we agree to prepare a comprehensive, time-bound, resource-oriented Action Plan for the next MICs Conference. In this regard, we welcome all the efforts that contribute to this endeavor, and take note *inter alia* of the proposal for basic elements for an Action Plan by El Salvador.

23. *Take note of* the "Global Solidarity Fund" proposed by the Dominican Republic for further consideration.

Annex II to the letter dated 6 October 2008 from the Permanent Representative of Namibia to the United Nations addressed to the Secretary-General

SUMMARY REPORT OF PROCEEDINGS OF THE 3RD INTERNATIONAL CONFERENCE ON DEVELOPMENT COOPERATION WITH MIDDLE INCOME COUNTRIES WINDHOEK, NAMIBIA 4-6 AUGUST 2008

Introduction

The Government of the Republic of Namibia hosted the 3rd International Ministerial Conference on Development Cooperation with Middle Income Countries from 4-6 August 2008 in Windhoek. The Conference convened on Monday, 4 August 2008 with the Senior Officials Meeting, which considered the draft conference documents including the Provisional Agenda, and the Draft Windhoek Ministerial Declaration.

Opening Plenary

The Opening Plenary took place on Tuesday, 5 August 2008 and was chaired by Hon. Marco Hausiku, Minister of Foreign Affairs of Namibia, assisted by H.E Marisol ARGUETA de Barillas, Minister of Foreign Affairs of El Salvador and Dr. Viktar Gaisenak, Deputy Minister of Foreign Affairs of Belarus.

In her opening statement, Dr. Libertina Amathila, Deputy Prime Minister of the Republic of Namibia who officially opened the conference on behalf of His Excellency Hifikepunye Pohamba, noted that MICs categorization based on GDP per capita criteria does not reflect the true picture and there was a common desire to obtain support from the international community to MICs to help to them to attain the internationally agreed development goals, including the MDGs. Dr Amathila further stated that close to half of the poorest of the poor, those living on less than 1 USD a day live in MICs. She noted that for this single reason, the international community, especially the UN System, the Bretton Wood institutions and bilateral development cooperation partners should support programmes aimed at addressing poverty and other development challenges in MICs. Development cooperation with MICs should be accompanied by expanding policy space for such countries to design and execute their own development strategies, thus removing conditionalities. In this regard, she called for the integration of ODA into planning and budgetary systems of recipient countries.

Others who addressed the opening plenary emphasized that the Conference served as an opportune-time for countries with a common interest to share good practices. It would reaffirm the results of the previous Conferences held in Madrid and El Salvador. National social and economic efforts of MICs should be supported on the basis of sharing mutual objectives and similar challenges as MICs can mutually contribute and share experiences on fundamental objectives, such as: poverty reduction and timely achievement of the internationally agreed development goals, including the Millennium Development Goals.

The challenges faced by MICs constitute global issues that affect all countries and calls for coherent and integral answers to phenomena such as drug trafficking, terrorism, security, migration, defense of human rights and global warming. Continued support for the development efforts of MICs was important because:

1) MICs development provides greater stability and growth in the international economy;
2) Active cooperation policy hastens the reduction of international poverty;
3) Regressions in the social and economic goals achieved by MICs should be avoided;
4) MICs strengthen and consolidate regional development hubs in the developing world;
5) MICs development facilitates the provision of global public goods, such as: the prevention of contagious diseases, the maintenance of peace, financial and environmental stability.

A call was made for the adoption of an Action Plan on development cooperation with MICs that would incorporate a global vision to improve effectiveness beyond the United Nations system and its cooperation and development agencies, to include other key international organizations such as the OECD, the Development Assistance Committee, the World Bank, as well as the regional development banks. It was further emphasized that it is vital to face the social realities of MICs with a new agenda in development for the eradication of poverty, the fostering of international development that is consistent and not rigid in discriminating against certain countries. There is also need for an integrated approach and diversification ODA in line with the specificities of each country. The Windhoek Declaration could be fundamental to reaching more practical measures in this regard and there is further a need to agree on the future Agenda in terms of themes to be covered.

The plenary also heard that due to high oil imports for net oil importing developing countries, the Dominican Republic proposed a mechanism through which oil-exporting countries could offset the increases in price by means of providing soft loans and direct investments to developing countries for purposes of food production. In this regard, the delegation of the Dominican Republic made a presentation on a proposed Oil Solidarity Fund to which oil-exporting countries could contribute 3% of profits made from oil exports for the purpose of investment in oil net importing developing countries.

The ensuing debate could be summarized as follows:

- There is a need for a thorough debate on the origin of the rise in oil and food prices and their impact on the economies of MICs.
- There is a need to reflect on what is happening in the global economy and to cooperate with the World Bank, African Development Bank (ADB), other regional development banks and the UN to analyze the food crisis and rising prices.
- Various funds have been established such as the OPEC Fund, Islamic Bank, Arab Bank of Development to assist countries in difficulties but the challenges remain.
- A question was raised why oil-producing countries should contribute to an oil solidarity fund and why funds for other products should also not be equally established.
- The chair proposed that the interested delegations form a small committee and continue consultations on the issue.

ROUND TABLE DISCUSSIONS

Round Table 1

Ways and means to accelerate the achievement of the internationally agreed development goals, including the MDGs in MICs

H.E Dr. Viktar A. Gaisenak, Deputy Foreign Minister of Belarus chaired the round table with H.E. Ren Xiaoping, Ambassador of China to Namibia as Moderator, Mr. Jomo Kwame Sundaram, Assistant Secretary-General for Economic and Social Affairs of the United Nations was keynote speaker while Mr. Jorge BORGES, State Secretary for Foreign Affairs of Cape Verde was Discussant.

The main conclusions of this roundtable can be summarized as follows:

Although there has been progress in development in MICs, progress in the achievement of the internationally agreed development goals, including the MDGs is uneven due to: inequalities in income and wealth; reduced fiscal capacity; inadequate policy space; reduced government role and public expenditure, especially social spending; and changed policy priorities.

The Global Trading System remains unfair and unsustainable and need to be improved. MICs do not have access to low cost financing and development partners need to support infrastructure development in MICs. Policy space should be respected so that individual countries can chart their own development paths. Traditional Aid is not the only *way* through which MICs development efforts can be supported and there is a need for consensus to strengthen productive capacities.

There is a need to identify practical solutions for capacity building. On 25 September 2008, a UN high-level event will be held in NY on progress in achieving the MDGs. The event will also entail an international evaluation. Achievement of the MDGs should recognize that 50% of the world population resides in the MICs and this is critical for the global achievement of the MDGs, The High Level event on MDGs on 25 September 2008, would have before it three important documents, namely:

Background Note on the five Major Themes of the eight MDGs; The annual MDG Report, which incorporates revised World Bank data, and the MDG Gap Taskforce 1st Report on MDGB on the Global Partnership for Development, all of which will reveal how far the world has progressed on the development front.

The six Chapters of Monetary Consensus include Domestic Resource Mobilization; Capital Flows, especially FDI; Trade, including Aid for Trade, Trade Conditions and their harmonization; South-South cooperation; Debt (there is some success with HIPIC initiative which benefited some developing countries but a significant number of MICs is suffocating under debt).

Crisis management and prevention mechanisms are needed. Financial liberalization has not been developmental. Additional considerations should include: innovative sources of financing; climate change adaptation financing and follow up mechanisms; G8 leadership failures, and the need for MICs to work together.

Round Table 2

Middle Income Countries and the Challenge of financing Infrastructure Development

H.E Dr. Viktar A. Gaisenak, Deputy Foreign Minister of Belarus with H.E. Absalom Dlamini, Minister of Economic Planning and Development of Swaziland as the Moderator, chaired the round table. Mr. Admassu Tadesse, Vice President of the Development Bank of Southern Africa was the Keynote speaker and Mr. Youssouf Ouedraogo, Special Counselor to the President of the African Development Bank as the Discussant.

The deliberations during this roundtable can be summarized as follows:
In the case of Sub-Saharan Africa as a whole, 5.6 percent of GDP needs to be invested in infrastructure (18 billions US dollars) to achieve MDGs by 2015. Key challenges in financing infrastructure are: centralization *vs.* decentralization, leadership *vs.* participation, strategic approach *vs.* detailed approach, politics *vs.* economics. The Development Bank of Southern Africa (DBSA) has a deployment programme through which specialists such as engineers and financial management experts get involved in project execution. Funding is not the only problem in infrastructure development but implementation and human capital are some of the other challenges.

The meeting was urged to address the energy and food crises if MICs want to guarantee their people a good standard of living. ADB categorized 93 MIC countries - selected based on their GDP per capita. These countries represent 60 percent of GDP of the whole world. Most of these countries have had remarkable economic performance due to good governance and rise of raw materials prices such as oil. These countries have to be competitive enough if they want to be part of the world economy. They need to enlarge economic growth and be distributive enough to raise employment.

The 2007-2008 Report on Global Competitiveness shows the importance of infrastructure in the growth of MICs. More than 80 Billion US Dollars are needed in investments each year for countries in the MIC category to catch up with industrialized countries. Consultations at the meetings in Tunis and Cairo showed that MICs could be helped to improve their competitiveness through improving infrastructure and investment climate. ADB reinforced support to infrastructure to improve the competitiveness of MICs through increased participation of the private sector.

Round Table 3

The Obligations of the International Community to Support the Development Efforts of MICs

H.E Dr. Viktar A. Gaisenak, Deputy Foreign Minister of Belarus, with Hon. Prof Peter Katjavivi, Director-General of National Planning Commission of Namibia as the Moderator, chaired the round table. The Keynote Speaker was H.E. Mr. Luis Cabrera, Ambassador of Mexico to South Africa while Mr. Simon Nhongo, UN Resident Coordinator in Namibia was the Discussant and the discussion could be summarized as follows:

MICs should consider the achievement of the MDGs as a core target of all MICs economic and social policies for the benefit of their people. MDGs are also important for the world as a whole hence it should be supported by the international community. The amount of ODA for MICs is not adequate. Furthermore, besides money, MICs should be more competitive in the world markets. Without adequate access to the market of the industrialized world, MICs are deprived of the opportunity to compete successfully. In some UN Organizations, there is a greater awareness to treat MICs differently, for example – UNCTAD provides programmes in entrepreneurial capacity development. The Windhoek Declaration marks a new chapter of development cooperation with MICs in calling for systematic assistance from the international community to meet the internationally agreed development goals, including the MDGs. MDGs cannot be achieved if the development challenges of MICs are not addressed systematically or in a sustainable manner. MICs need tailor made solutions to meet their development goals. They need a dedicated financing window within the World Bank and the international community needs to support this.

The necessity to achieve social and economic development in an integrated way is very important for the achievement of the MDGs. Many MICs face serious development challenges and uneven distribution of resources as well as high unemployment, hence the reminder to the international community to provide 0.7 percent of GDP to ODA. It is urgent to proceed with liberalization in areas of research in health and environment, to allow MICs to compete, in order to strengthen the multilateral trading system. Migration must be a matter of choice and not of necessity. International Financing Institutions need to contribute to the growth and development of MICs that allow MICs to have greater market access. There is a pressing need not only to identify how MICs can be assisted but also to reach consensus on the matter at the international level. MICs are key players and engaging them in global efforts to reduce poverty is critical for the interests of the international community as a whole.

Recent studies indicate that MICs continue to face challenges such as economic and financial vulnerability exacerbated by their weak integration into the world financial market. Unfortunately the MIC categorization does not reflect these realities. There is a need to rethink the obligations of the international community towards the development of MICs. More than 40 percent of the world's poor live in MICs, as a result, using per capita income as a single measure becomes meaningless. Gini coefficient in most MICs is estimated to be over 0.5, which indicates huge disparities in income distribution. High national income does not necessarily mean less poverty.

On a broader scale and despite relative positive growth rates, the number of people living on 2 USD per day will remain around 2 billion by 2015. This means one of the obligations of the international community should be to ensure that development assistance does not exclude almost half of the world's poor living in the MICs. MICs are recipients of around 17 billion US dollars of net concessional global assistance including 43% of all disbursed ODA. Yet MICs are not on track to eradicate poverty and many are vulnerable to falling back into LDC status. The Monterrey Consensus of 2002, the Paris Declaration of 2005 and the G8 Gleneagles commitments are important only if they could be steps to ensure that the international community targets for ODA are met.

Round Table 4

Cooperation for mitigating the negative impact of the Global Food Crisis on the development efforts of the MICs

Hon. Marco Hausiku, Minister of Foreign Affairs of Namibia with Dr. Kaire Mbuende, Permanent Representative of Namibia to the UN as the Moderator chaired the round table. H.E Ambassador Fathy El Shazly Special Advisor to the Minister of International Cooperation of Egypt as the Keynote Speaker, H.E Dr. Elizabeth Pape, EU Ambassador to Namibia, and Mr. Gaoju Han, Sub-regional Coordinator for Southern Africa of FAO as the Discussants.

All major commodities have reached the highest prices since 2006. The persisting increase in food prices will throw 100 million people back into tiers of poverty and hunger. 70 % of all developing countries are currently net importers of food. African and Asian countries are the ones mostly affected by the food crisis. Adding to the dilemma is the rising prices in energy that have caused the rise in the prices of fertilizers and other agricultural inputs, including the transportation of products to markets. The rapid expansion in bio-fuels could be another contributor to the food crisis. Lasting solutions will take time to bring to effect the desired change.

The crisis negatively affects the MICs in terms of diverting more resources from addressing the needs of the poor to dealing with inflationary pressures and coping with budget deficits. MICs can adopt the following measures to minimize these negative impacts on development efforts:

- Promote international dialogue among food and energy exporting nations to reach solutions that foster satisfaction of the world populations;
- Adopt a Debt Swap Mechanism;
- Conduct reasonable analysis, which will lead to three levels of solutions - immediate, medium and long term.
- Immediate/short term measures include mobilization of resources quickly to ensure adequate food supply, expansion of production and reduction of supplies of exports to avoid overstocking food inventories, rationalizing food subsidy programs.
- Medium term measures include direction of efforts and resources towards investment in agriculture at local, regional and international levels. At national levels there is a need to review and revise agricultural development policies and give this sector a greater priority. Efforts should be made at the ongoing Doha Round Negotiations to reach agreement to reform agricultural trade since prosperity and stability are global and contagious by nature. There is a growing threat of expanded unsustainable bio-fuels.
- Long term Measures require well coordinated international efforts, technical and financing support. International organizations, such as FAO can provide technical assistance to supplement local expertise. Major funding institutions such as the World Bank and regional development banks should play a key role in giving financial support on cost effective terms.

South-South Cooperation should be strengthened and its cost effective approach should receive higher priority by both developing countries and countries in the North to the advantage of all. There

is a need to respond to the international food price increase through increased global agricultural production and ensure that non-rural populations have the purchasing power to buy food.

The roundtable was informed that the EU does take into account country specific circumstances when providing development assistance and an important lesson of recent price increases has been that rural development has not received the full attention it deserves. The EU's response to the global food price increase has been the mobilization of policy instruments to the maximum extent by increasing significantly its response to humanitarian emergency. Secondly EU has increased the share of its programme assistance for agriculture in Africa - doubling the amount from 650 million Euros under the 9th EDF to 1.2 billion Euros under the 10th EDF. Since this is not enough, EU Commission agreed a proposed third intervention level for 1 Billion Euros for rapid response to soaring food prices. The EU Parliament and Council will consider this arrangement. The facility will become effective in November 2008 and will allow the use of 750 million Euros from 2008 budget and of 250 Million Euros from 2009 Budget.

The issue of the soaring food prices reached the highest levels since the early 1960s. Causes for soaring food prices include: reduced harvests, world food stock are at their lowest levels, oil prices and transport costs of imports increased, subsidized production of bio- fuels. There is an opportunity to increase investment in agriculture and this can assist the MDGs to reduce poverty and hunger. There is an urgent need for intervention at world level. The Rome Summit in June 2008 showed recognition of this. There is need to ensure that the needs of the most vulnerable are met -- like by means of food provision or cash transfers.

For the medium and the long-term, countries need to take policy measures to reduce shock. FAO provides support to countries most affected so that smallholder farmers have access to seeds, fertilizers, and policy advice. FAO also provides information on agriculture and food prices as well as early warnings on food crisis. FAO in partnership with WFP assist the most vulnerable countries. South-South Cooperation among MICs on food production need to be promoted and FAO has been instrumental in promoting this. National Governments are also the key to implement agricultural programmes, such as within the NEPAD framework.

Concrete measures are needed such as boosting food production industries, technology, investment in agricultural production and infrastructure as well as market access. There is a need for the MICs and the international community to improve the monitoring and evaluation of food production and prices. The importance of national interventions to address the food crisis was emphasized. For example, Philippines introduced their Rice Sufficiency Plan 2009-2010 that would increase the country's rice output to 19.8 million metric tons. 30 billion Pesos are being sourced to spend on research and developing agriculture infrastructure, sustainable integrated farming systems, rice biotechnology and education. Another example of broad international cooperation dealing with developing countries as a whole is the Group of 77 and China and its approach to South-South Cooperation. MICs have to study the development platform from the South and discuss this at regional level to fulfill the recommendations on South-South Cooperation that came out of the ECOSOC Special High-Level Meeting with the BWIs, WTO, and UNCTAD held in April 2008 in New York.

Round Table 5

Enhancing the Competitiveness of MICs

The round table was chaired by H.E Dr. Viktar A. Gaisenak, Deputy Foreign Minister of Belarus with H.E Roberto Cordovez Castillo, Ambassador of Panama to South Africa as Moderator while Ms Ruth Kagia, Country Director of the World Bank in Namibia was Keynote Speaker and Hon. Ms Elizabeth Thabethe, Deputy Minister of Trade and Industry of South Africa was Discussant.

The instability in oil prices has a negative impact on development efforts. Donor dialogue favors the reassessment of development cooperation policies. Private-public partnership alliances and social responsibilities should be strengthened. MICs should advance to fulfill their commitments to achieve the MDGs. The President of the World Bank, Mr. Zoellick who was unable to attend due to prior commitments would join the deliberations of the outcomes of the MICs discussion at the UN General Assembly in September 2008. It was highlighted that support for the MICs is one of the six strategic themes, which Mr. Zoellick has outlined as encompassing the broad framework for guiding the work of the World Bank.

These six strategic themes are:

1. Help to overcome poverty and spur sustainable growth in the poorest countries, especially in Africa,
2. Address the special challenges of the states coming out of conflict or seeking to avoid break down of the state,
3. Develop a comparative menu of development solutions for MICs involving customized services as well as finance,
4. Play a more active role with regional and global "public goods",
5. Support those advancing development and opportunity in the Arab World,
6. Foster a "knowledge and learning" agenda across the World Bank Group.

The importance of MICs

- MICS have an important role in World Affairs for example G11 and G20.
- MICs also face key development challenges such as in tackling major global issues.
- MICs are an important and untapped source of new ideas, for example over the past years the influence of China on economic affairs in the Asian region and beyond.
- MICs need to sustain growth because 72 % of MICs populations live on less than two dollars a day.

The World Bank put different measures in place such as:

- Decentralization of Staff to assist with the implementation of strategies and programmes.
- Reducing the cost of doing business with the World Bank by streamlining burdensome requirements that impose high transaction costs and which do not add value.
- Putting a premium on cutting-edge knowledge, linking global research with the knowledge needs of specific MICs.

- The role of South-South and Triangular Co-operation in enhancing the competitiveness of MICs was emphasized and cited the IBSA agreement (India, Brazil and South Africa) where small business annual summit are hosted to revise policies for technology hubs.
- For the competitive enhancement of MICs the starting point should be to increase technology and skills; signing of MOUs with fellow MICs to facilitate cooperation among research institutions, such as that between Argentina and South Africa in agriculture and technology research.
- The second instrument is to promote sustainable development through exchange of knowledge and expertise.
- Despite some MICs facing challenges on a daily basis, there is a need to improve cooperation amongst MICs within the regions and sub-regions, as this would ensure regional peace in the long run.

Round Table 6

Consideration of ways and means to finance human and institutional capacity building in MICs

Hon. Marco Hausiku, Minister of Foreign Affairs of Namibia, chaired the round table with Hon. Helmut Angula, Minister of Works and Transport of Namibia as Moderator. Mr. Emmanuel Nadozie, Representative of the UN Economic Commission for Africa, was a Discussant.

- Human and institutional capacity building is vital to the development of every country, more so in MICs, to be able to reap the benefits.
- The questions that needs to be answered during the discussion are:
- What can national governments do to scale up human and institutional capacity building?
- What can domestic private sector and NGOs contribute?
- What can international development cooperation do?
- What contribution can FDI make?
- What can trade and market access do in terms of technology transfer, south south and triangular cooperation, including Diaspora migration and development to contribute to capacity building in MICs?
- Due to its mandate, the Economic Commission of Africa (ECA) has been very supportive to the member states in human resource capacity needs.
- For capacity building to be effective, consideration should be given to financing through the public sector, private sector, NGOs, international cooperation, and FDI.

Why build capacity

- MICs cannot be developed unless human resource capacity is well developed.
- MICs cannot industrialize if they do not have capital and cannot develop if there is no structural development in the economy.
- Capacity building will lead to education enhancement, poverty reduction and employment creation.

- Capacity building is the linkage to most of the social challenges that is being faced and investing in capacity building will ultimately reduce the cost on social spending.
- The issue of financing capacity building is central to addressing social and economic issues.
- National governments spending is the most important source of financing for capacity building but it is often neglected.
- Trade as a source of finance has also been neglected.
- Establishing of capacity development funds within the framework of public-private partnerships and South-South Cooperation or by means of capital markets needs to be considered.
- MICs need to consider the idea of special taxes for capacity building.
- MICs need to reverse technology transfer, to enable them to deal with the brain drain issue.

Role of external and internal factors and actors

- National Governments constitute the most important actor in human resource development and can finance human and institutional capacity building in various ways.
- Building institutional capacity to develop human capacity by way of training centers, education institutions, etc.
- Private sector should play a role in budgeting in terms of human development to ensure that their needs are met.
- Development of a comprehensive national capacity building strategic framework would guide the coordination of the existing highly fragmented human resource development activities.

Development cooperation

- MICs will require substantial external financial resources to augment domestic savings.
- FDI is important to enhance skills development.

Trade and market access

- In order for MICs to improve the capacity for trade, they should work hard at removing intra regional trade barriers, especially for African countries.
- A greater focus needs to be placed on trade facilitation and the reduction of tariff and non-tariff barriers.
- It may be useful to consider establishing a South-South network for capacity building that is modelled around an existing network in the hydrocarbon sector.

Round Table 7

Energy for sustainable development: MICs Perspectives

Hon. Marco Hausiku, Minister of Foreign Affairs of Namibia, chaired the round table with H.E. Clara Quinones, Deputy Minister of Foreign Affairs of the Dominican Republic, as Moderator. Dr. Viktar A. Gaisenak, Deputy Foreign Minister of Belarus was Keynote Speaker; Mr. Kandeh

Yumkella, Director of UNIDO and Chair of the UN-Energy and Mr. Abdelkader Messahel, Minister in Charge of the Maghreb and African Affairs of Algeria were Discussants.

- The provision of energy resources is topical and important specifically for Middle Income Countries (MICs).
- GDP in some MICs has increased by 50%, therefore MICs should aim their efforts at increasing GDP without energy consumption growth.

The world is faced with a crisis in relation to energy, food and slowing down economic activity in the most dynamic sector of the global economy. MICs are compelled to pursue the MDGs and other internationally agreed development goals in an environment of strange weather patterns because of climate change; weather patterns that destroy lives, harvests and valuable infrastructure. These forces confront the MICs at the time of skyrocketing energy and food prices, compounded by the formidable challenge of poverty.

There is concern whether MICs would achieve the MDGs by the 2015. However, there is equally strong concern about economic life after 2015. Domestic Capital Supply must be robust; bond markets should be established and well regulated; prudent physical and monetary policies should be in place to ensure exchange rate stability and liquidity in the banking system.; debt must be well managed to ensure sustainability; and internal conditions must favour the continued development of the private sector and the building of strong export capability.

MICs are now more vulnerable to volatilities in international private capital flows since MICs have become deeply integrated into international capital environment. Globalization benefits MICs through increased trade, higher growth and decreasing poverty. However, MICs face the challenge of limited access to markets due to protectionist barriers; hence the need to overcome these through the spirit of global partnership and solidarity. WTO negotiations reflect narrow nationalist sentiments, while in the Bretton Wood Institutions the will of the economically powerful dominates. MICs should have common position on issues that concern them and coordinate their negotiation strategies in international for a, as has been the case within the WTO, the G-20 and G-5 (Brazil, India, Mexico, China and South Africa). Beyond the Doha Round, it is necessary to continue promoting an open multilateral commercial system that considers the special needs of the developing countries, including MICs.

South-South Cooperation should be strengthened as an additional motor for achieving world trade and investment. Strengthen South-South Cooperation to increase competitiveness, accelerate economic development and improve the well being of their citizens.

There is a need to move away from fossil fuels because they contribute to climate change. However, bio-fuels could have negative effect on food security.

In relation to the current food crisis, MICs governments must target those most vulnerable and speedily undertake remedial action to protect them from malnutrition and hunger. Increase in the prices of food remain challenges in the fight against hunger and poverty; and thus make it difficult for MICs to achieve the MDGs by 2015.

The UN Millennium Summit offered the world the opportunity to identify development goals that must be achieved by 2015. With the Monterrey Consensus, it became clear that MICs require new forms of cooperation with developed countries and amongst themselves. In that regard, MICs are also required to mobilize national resources, attract international resources and develop innovative financial mechanisms. While calling for international cooperation and donor support, MICs should also ensure that their national governments consistently pursue their own strategic development issues.

Closing Plenary

The Closing Plenary took place on Wednesday, 6 August 2008 and was chaired by Hon. Marco Hausiku, Minister of Foreign Affairs of Namibia, assisted by Dr. Viktar Gaisenak, Deputy Minister of Foreign Affairs of Belarus. H.E. Ambassador Fathy El Shazly, Advisor to the Minister of International Cooperation, Egypt, who was elected as the Rapporteur at the commencement of the conference, delivered a brief summary of the outcome of the proceedings.

Presentation of the Final Draft Ministerial Declaration and other documents by the Chairman, Hon. Marco Hausiku, Minister of Foreign Affairs of Namibia

The Final Draft Windhoek Ministerial Declaration was presented to MIC delegations present, who unanimously adopted the Windhoek Ministerial Declaration.

The chairman expressed his appreciation for the in-depth discussions and wished the delegates a safe journey to their respective countries.

Hon. Professor Peter Katjavivi, Director General of the National Planning Commission of Namibia, delivered the closing remarks on behalf of the Deputy Prime Minister Hon. Dr. Libertina Amathila. In his closing remarks Hon. Katjavivi stated that:

- MICs took a step further by identifying challenges and proposed practical suggestions that can be adopted by the international community in support of the MICs development efforts.
- The Windhoek Declaration represents the MICs common desire to get the international community to support development efforts through transparent and predictable approaches.
- The MICs have confirmed collective commitments.
- The 3rd Conference decided to come up with a plan of action to address development needs.
- MICs should maintain the momentum to achieve their common objectives, and should continue to speak with one voice. Only then can the MICs build on the momentum of the conference and the rest of the world would be compelled to listen to MICs.